

March 11, 2019

The Honorable Richard Neal  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Kevin Brady  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady:

On behalf of the Air-Conditioning, Heating, and Refrigeration Institute (AHRI), I am writing in reference to the U.S.-China Trade Committee hearing, held February 27, 2019, that featured United States Trade Representative Robert Lighthizer. AHRI is the trade association representing over 300 manufacturers of heating, cooling, water heating, and commercial refrigeration equipment. AHRI is an advocate for the industry and develops standards for and certifies the energy efficiency of many of the products manufactured by HVACR manufacturers world-wide.

The HVACR and water heating industry opposes tariffs (which it views as a tax) and barriers to free trade. The Section 301 tariffs on Chinese products, and the resulting retaliatory tariffs<sup>1</sup>, have disrupted the U.S.-China trade partnership and have increased prices, thus negatively affecting American consumers.

After the tariffs were announced, an April 2018 survey of the AHRI membership found that a majority of our members expected to be adversely affected by them. These concerns were confirmed in a second survey on the subject, conducted in January 2019, which found that a majority of members were in fact negatively affected by the Section 301 tariffs on Chinese products and supported removing the tariffs.

Some of the products affected by Section 301 tariffs are components used in the production of a variety of HVACR and water heating equipment in the United States. Tariffs on equipment components increase final production costs<sup>2</sup> and consumer costs, in addition to having unintended, negative effects on energy efficiency and climate change goals. Of course, they also negatively affect members' ability to compete with products not affected by tariffs (some of which may be imported). All of these negative, chaotic effects could lead many member companies to postpone investment, hiring and, in some cases, to lay off current employees.

---

<sup>1</sup> At least 80 types of AHRI member product exports to China are affected by retaliatory tariffs, according to the Harmonized Tariff Schedule codes [listed by China](#) in its retaliatory tariffs.

<sup>2</sup> 55% of respondents to AHRI's January 2019 member survey admit to have "to some degree" been forced to make changes in their supply chain management decisions.

Achieving greater energy efficiency in HVACR and water heating equipment is both an industry and a U.S. Department of Energy goal. Increasing energy efficiency requires more sophisticated equipment that is intended to interact with electric utility companies. Some of this equipment is ENERGY STAR® certified. Tariffs discourage the use of such equipment because of the upward pressure on the cost to the consumer, and they concurrently discourage innovative advances by the manufacturer to relieve pressure on the grid by developing new energy efficient equipment.

To voice its opposition to the Section 301 tariffs, AHRI has submitted the following comments:

- March 21, 2018: AHRI submits a [letter](#) for the House Ways and Means Committee U.S. Trade Policy hearing with United States Trade Representative Robert Lighthizer, opposing barriers to trade.
- May 5, 2018: AHRI submits [comments](#) to the Office of the United States Trade Representative (USTR) expressing its opposition to the first round of Section 301 tariffs.
- June 18, 2018: AHRI joins an [industry letter](#) to the Senate Finance Committee and the House Ways and Means Committee advocating for greater balance in the tariff policy process between the President and Congress.
- July 18, 2018: AHRI submits a [letter](#) for a House Ways and Means Committee hearing on tariffs, opposing recent Section 232 and Section 301 tariff developments.
- July 23, 2018: AHRI submits [comments](#) to the USTR expressing its opposition to the second round of Section 301 tariffs.
- September 6, 2018: AHRI submits [comments](#) to the USTR expressing its opposition to the third round of Section 301 tariffs.

AHRI also supports a faster, fairer, and more transparent exclusion process by the Office of the United States Trade Representative for U.S. products affected by the Section 301 tariffs. The current exclusion process is burdensome, slow, and time-consuming for AHRI members. AHRI also supports the timely creation of an exclusion process for the third list of Section 301 tariffs. The attention required to submit exclusion requests (in particular for small- and medium-sized enterprises), and the time required to simply track the day-to-day changes in the trade and tariff landscape, have been a constant drag on the productivity of our members, distracting them from their core businesses.

AHRI understands that the Administration is a strong supporter of U.S. manufacturing and appreciates its efforts to address concerns surrounding China's acts, policies, and practices related to technology transfer, intellectual property, and innovation. Unfortunately, the Section 301 tariffs put in place ostensibly to address those concerns have adversely impacted a substantial majority of AHRI members, which then impacts consumers via price increases, limited product choice, and other unintended consequences.

AHRI appreciates the opportunity to provide its members' views on this important topic.

Sincerely,



we make life better®

2311 Wilson Boulevard Suite 400 Arlington VA 22201 USA  
Phone 703 524 8800 | Fax 703 562 1942  
[www.ahrinet.org](http://www.ahrinet.org)

Samantha M. Slater  
Vice President of Government Affairs  
Air-Conditioning, Heating, and Refrigeration Institute